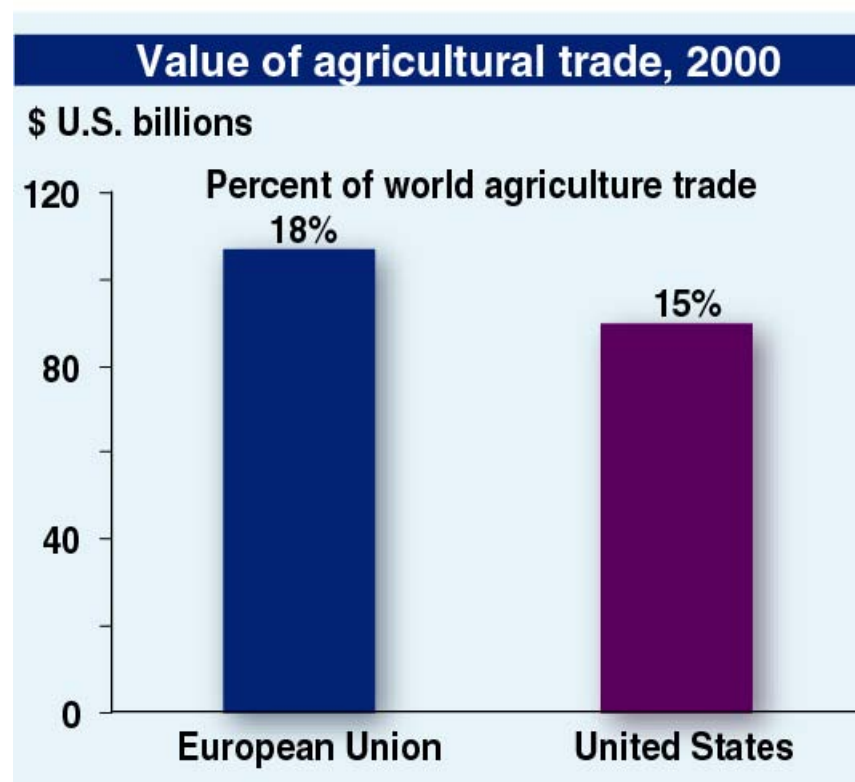


# **U.S.-EU Food and Agriculture Comparisons**

**A look at two of the biggest players in global food and agricultural markets**

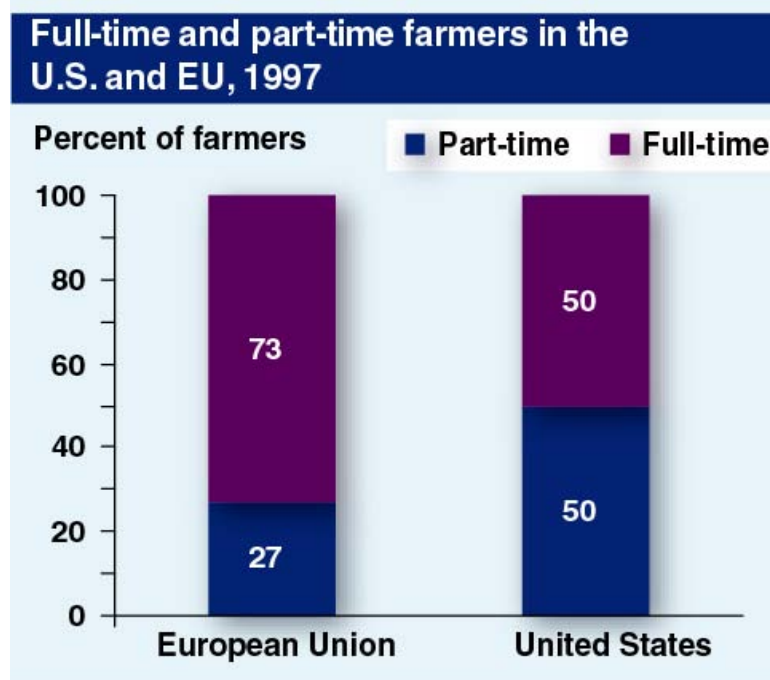
## U.S.-EU: Two of the World's Largest Agricultural Producers, Consumers, and Traders



- The U.S. and the EU trail only China as the top agricultural producers in the world
- Combined value of U.S. and EU trade accounts for one-third of world trade in food and agricultural products
- The EU is a leading trade partner and competitor of the U.S. in world agricultural markets

# U.S.-EU Agricultural Sectors and Policies Are Changing

*...in the farm economy and rural society*

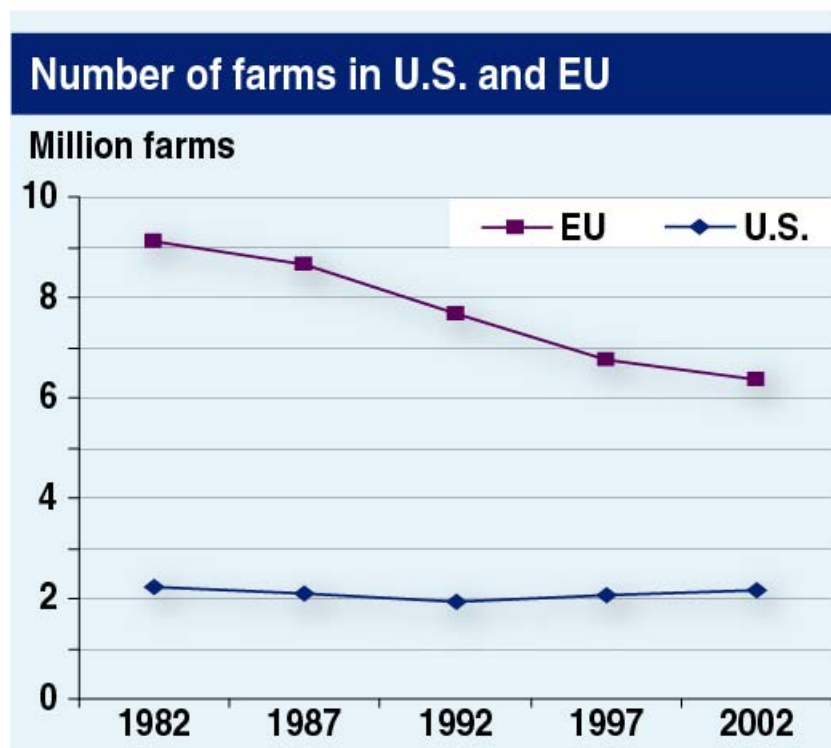


Growing share of farmers in the U.S. and the EU are “part-time”

- Off-farm income increasingly important for farm households
- Nature and scope of farm “safety net” policies likely to change

# U.S.-EU Agricultural Sectors and Policies Are Changing...

*...in farm structures*



The pace of farm consolidation is greater in the EU

- EU farm numbers have declined 25 percent over last 20 years
- Average farm size has increased 30 percent

The U.S. has fewer and much larger farms

- U.S. farms average 434 acres
- EU farms average 47 acres

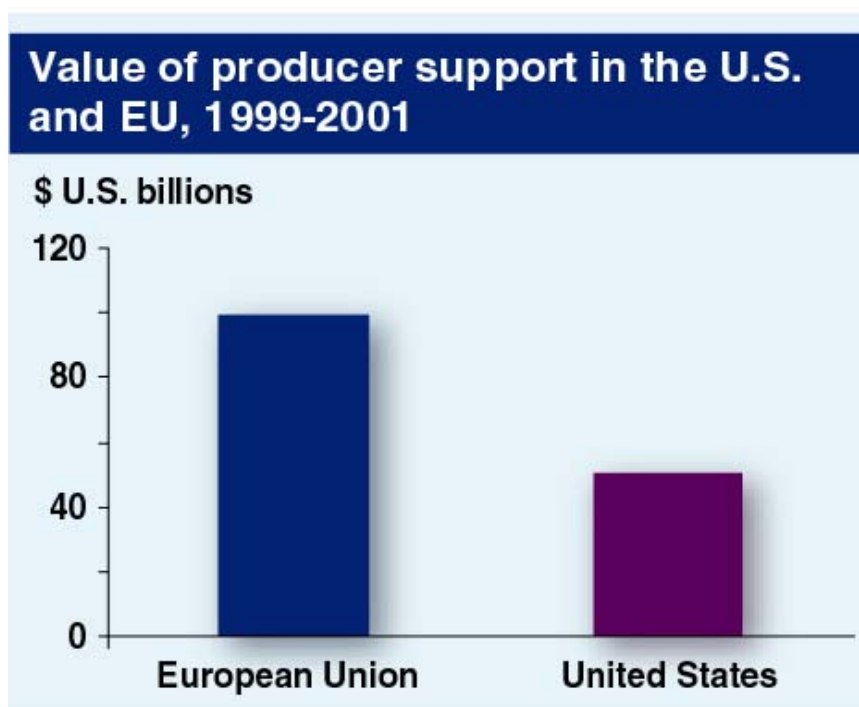
# U.S -EU Agricultural Sectors and Policies Are Changing...

*...in policy goals and pressures for change*

- Shared pressures
  - Tight budgets
  - WTO constraints on domestic policy options
  - Environmental and rural development issues
- Shared approaches
  - Greater use of direct payments to support farm income
  - Increasing share of agricultural budgets allocated to rural development and environmental issues

## U.S -EU Agricultural Sectors and Policies Are Changing...

*...but major policy differences remain*



- The EU has higher overall support level for agriculture
- The EU has greater reliance on supply control and border measures to support higher prices

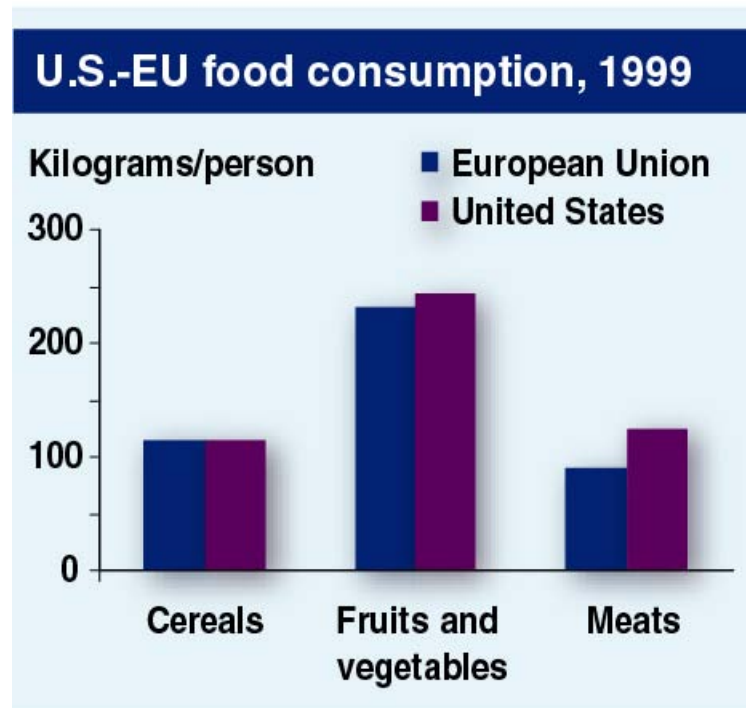
# U.S.-EU Agricultural Sectors and Policies Are Changing...

*...in consumer views/preferences*

- The U.S. and the EU have pronounced differences on some issues: biotech, animal welfare, food safety
- Differences can affect U.S.-EU food trade...e.g., EU attitudes towards biotech foods restrict some U.S. exports

## U.S.-EU Agricultural Sectors and Policies Are Changing...

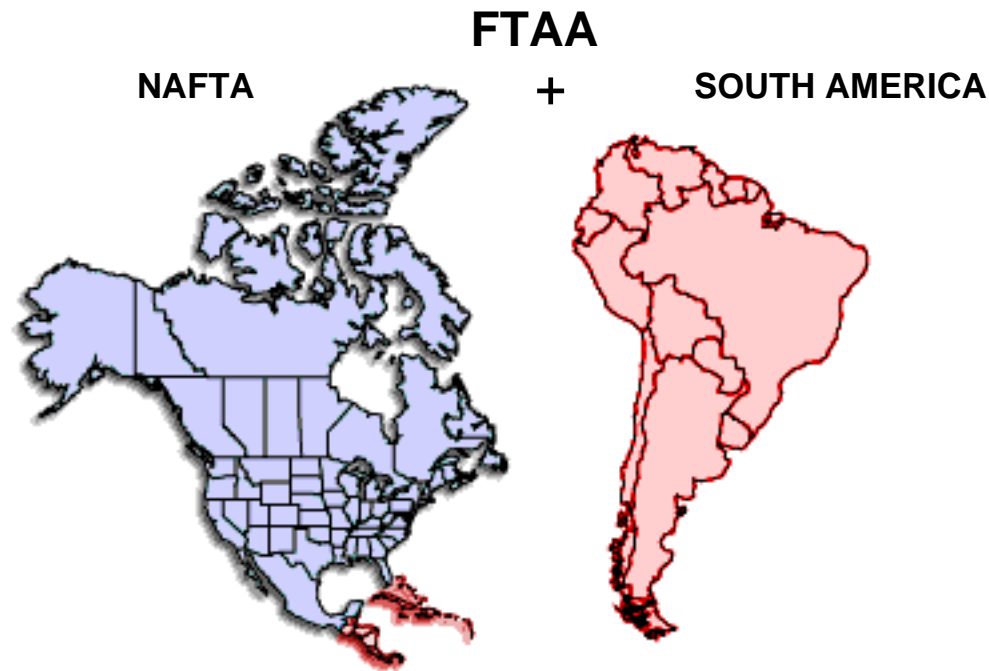
*...but patterns of food consumption are similar, except for meat*



- The U.S. has higher per capita meat consumption than the EU
- The EU has higher meat prices than the U.S.
- EU tariffs on meat imports are four times the U.S. level



## U.S.-EU: Both Expanding Regional Trade Spheres



- The Free Trade Area of the Americas (FTAA) would include 34 countries with a combined GDP equivalent to 37 percent of world GDP

## U.S.-EU: Both Expanding Regional Trade Spheres



- In May 2004, the EU will expand from 15 member states to 25, with a combined GDP of nearly 25 percent of world GDP

## U.S.-EU: Two of the Biggest Players in Global Food and Agriculture Marketplace

*...Many similarities, but significant differences remain*

- Differences, particularly in farm structure and demographics, consumer preferences, and farm and trade policy, may have further implications
  - Ongoing U.S.-EU food and agricultural trade issues and disputes
  - Relative competitive positions of the U.S. and the EU in international agricultural markets
  - Nature and scope of potential outcomes in the current round of WTO negotiations on agriculture